BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2020-202-E

In re:	)	
	)	DUKE ENERGY CAROLINAS, LLC'S
Application of Duke Energy Carolinas, LLC	)	SUPPLEMENTAL EXHIBIT I TO
for Approval to Issue and Sell Securities	)	APPLICATION
	)	

a. Identify the effect of the proposed financing on the utility's income statement and balance sheet and identify the impact of the proposed financing on the utility's capital structure.

Generally, the proposed financings will affect the Company's income statement by increasing pre-tax interest expense to reflect interest payable on new securities, offset by the reduction in pre-tax interest expense associated with any redeemed or maturing debt. A pro forma unconsolidated balance sheet, which shows the capital structure, was provided in Exhibit E to the Application.

b. Identify specifically how the funds obtained through the proposed financing are to be used by the utility.

The proceeds resulting from the proposed financings will be used as set forth in Section 8 of the Application.

c. Provide information on the possible impact on the utility if the proposed financing is not approved or if approval is delayed.

Disapproval or delay of the Application would prevent the Company from having access to funding from the capital markets in the amounts it has deemed necessary. The Company would not have sufficient financial flexibility in determining the timing and amounts of its offerings of securities. Such flexibility enhances the Company's ability to fund its operations most efficiently.

d. Specify the expected effective rate of interest of any debt financing (a range for the rate is appropriate). For common stock issues, provide information on the anticipated market price and book value per share at the time of issue.

Currently, indicative pricing for annual interest rates on the Company's first and refunding mortgage bonds is 0.75-1.00% for a 5-year bonds, 1.50-1.75% for 10-year bonds and 2.75-3.00% for 30-year bonds. This indicative pricing reflects market conditions as of October 21, 2020, and actual costs will change due to changes in market conditions, U.S. Treasury bond yields, the Company's credit rating and/or other factors that might impact the rate investors demand for securities with similar characteristics and from companies with similar credit ratings. An interest rate for each long-term debt issuance will be set immediately prior to execution of a binding underwriting agreement for such securities. The Company's Application does not contain a request relating to common stock.

e. Provide information on the expected benefits (e.g., savings expected from early debt retirement) and costs (e.g., issuance expenses) of the proposed financing. Provide any studies that were developed to identify these costs and benefits and the net result. (This could incorporate present value analysis of the costs and benefits.) Identify the basic assumptions of any analyses of costs and benefits.

The expected benefits of the proposed financings include satisfying the Company's funding requirements as set forth in Section 9. The proposed financings would allow the Company to continue to finance its ongoing capital expenditures, and to potentially redeem or purchase outstanding securities and lower its cost of capital or reduce risk through economical refinancings. Costs of issuing the securities are expected to be generally consistent with those reported to the Commission in previous dockets authorizing the issuance of securities. The Company has not developed any studies of the type described in this question.